

Message Text

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20

ACTION XMB-07

INFO OCT-01 EA-11 ISO-00 AGR-20 AID-20 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 DRC-01 /109 W

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P R 190743Z FEB 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 68

INFO AMCONSUL OSAKA

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DEPT PASS AGRICULTURE AND EXIMBANK

E.O. 11652 NA

TAGS: EFIN, JA

SUBJ: EX-IM BANK CREDIT

1. BEGIN SUMMARY: REPRESENTATIVE OF JAPAN SPINNERS ASSOCIATION DELIVERED FORMAL MESSAGE TO CHARGE VIA AGRIC. ATTACHE ON FEB 15 URGING THAT U.S. EX-IM BANK CREDIT AGAIN BE GRANTED SPINNING INDUSTRY FOR 1974-75 PURCHASES U.S. RAW COTTON. REPS. STATED AT TIME OF DELIVERY THAT SINCE RAW COTTON PRICES HAVE APPROXIMATELY DOUBLED IN PAST YEAR AMOUNT OF EX-IM BANK CREDIT MADE AVAILABLE SHOULD ALSO BE DOUBLED - FROM 75 MILLION DOLLARS LAST YEAR TO 150 MILLION DOLLARS THIS YEAR. END SUMMARY

2. MESSRS. M. OHIBA AND M. KAMII OF JAPAN SPINNER'S ASSOCIATION'S TOKYO OFFICE VISITED AGRIC. ATTACHE ON P.M. FEB 15 RE. U.S. EX-IM BANK CREDIT FOR JAPANESE PURCHASES U.S. RAW COTTON DURING COMING MARKETING SEASON (AUGUST 1 1974 TO JULY 31, 1975) AND DELIVERED LETTER ADDRESSED TO CHARGE'. ALSO REQUESTED COPY BE TRANSMITTED USDA/W. FULL TEXT OF LETTER FOLLOWS.

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3. QUOTE SIR: WE HAVE THE HONOR TO WRITE TO THE HONORABLE

MINISTER ON THE SUBJECT OF THE EXPORT-IMPORT BANK COTTON CREDIT.

FIRST OF ALL, WE WOULD LIKE TO NOTE THAT THE COTTON CREDIT IS A TRADITIONAL AND UNIQUE LOAN WHICH HAS BEEN GIVEN SPINNERS IN JAPAN ANNUALLY FOR MORE THAN TWENTY YEARS SINCE 1951. THE CREDIT LINE THUS ANNUALLY ESTABLISHED HAS BEEN UTILIZED UP TO NEARLY 100 PERCENT OF THE CREDIT LINE EVERY YEAR EXCEPT A FEW CASES.

IN THE COURSE OF THIS PERIOD, WE, SPINNERS IN JAPAN AND THE U.S. SHIPPERS WERE ACCUSTOMED TO USE IT MAKING IT AN ESSENTIAL PART OF THE TRADE SYSTEM, AND HAVE MADE IT A VERY IMPORTANT PART OF THE EXPORT FINANCING. FOR OVER TWENTY YEARS, THE U.S. COTTON HAS NOT ALWAYS BEEN THE MOST PROFITABLE COTTON IN THE WORLD MARKET BOTH FOR THE EXPORTERS IN THE U.S. AND THE CONSUMERS IN JAPAN. EVEN IN THESE UNFAVORABLE DAYS, THE INDUSTRIES IN THE TWO COUNTRIES TRIED THE BEST TO KEEP STABILIZING THE COTTON EXPORT TO JAPAN UNDER THE SUPPORT OF THE COTTON CREDIT, IN VIEW OF THE LONG SIGHTED INTEREST DISREGARDING THE PASSING-BY INTERESTS. THE SIGNIFICANCE OF THIS CREDIT, THEREFORE, LIES IN THE FACT THAT THE CREDIT HAS BEEN KEPT RUNNING FOR MORE THAN TWENTY YEARS.

WE HAVE RECENTLY HEARD, HOWEVER, SOME QUARTERS IN THE U.S. ARE RAISING THE QUESTIONS AS TO THE NECESSITY FOR THE CREDIT. IF THIS CREDIT WERE ONCE DISCONTINUED, IT MEANS THE BREAK OF THE MOST IMPORTANT LINK OF COTTON TRADE WHICH HAS TIED THE TRADE RELATION BETWEEN TWO COUNTRIES FOR LONG YEARS. EVENTUALLY WE FEAR THIS MIGHT CAUSE THE SAME EFFECT AS THE EXPORT CONTROL, AND WE WILL NO LONGER BE ABLE TO EXPECT THE STABILIZATION OF THE U.S. COTTON TO JAPAN.

IN CONSIDERATION OF THE ABOVE-MENTIONED OUR EAGER DESIRE, WE SINCERELY HOPE EVERY POSSIBLE ASSISTANCE AND THE SUPPORT OF THE HONORABLE MINISTER TO CONTINUE THE EXPORT-IMPORT BANK COTTON CREDIT FOR THE PROMOTION OF U.S.-JAPAN TRADE AS A WHOLE, SEEKING THE FUTURE STABILIZATION OF COTTON LIMITED OFFICIAL USE

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EXPORT TO JAPAN AND THE INTEREST OF THE SPINNERS IN JAPAN WHO HAVE COME ALONG THE U.S. COTTON. (SIGNED) NAOICHI SETO, CHAIRMAN, UNQUOTE.

4. DURING DISCUSSION WITH AGRIC. ATTACHE ASSOCIATION REPS. STATED THAT ALTHOUGH IT IS NOT WRITTEN IN LETTER TO CHARGE', SPINNERS WOULD LIKE TO REQUEST THAT AMOUNT OF CREDIT BE DOUBLED FROM 75 MILLION DOLLARS TO 150 MILLION

DOLLARS TO COMPENSATE FOR RECENT DOUBLING OF RAW COTTON
PRICES.
SHOESMITH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COTTON, PROCUREMENT, BANK LOANS, DIPLOMATIC COMMUNICATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
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30 JUN 2005

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Review Withdrawn Fields: n/a
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TAGS: EFIN, JA, US, XMB
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